

31A-5-509 Conversion of a domestic mutual life insurance company into a fraternal.

A domestic mutual life insurance company may be converted into a fraternal under Chapter 9, Insurance Fraternal, in the following manner:

- (1) The board of directors of the company shall adopt a plan of conversion stating:
 - (a) the basis for and the purposes of the proposed action;
 - (b) the proposed articles and bylaws for the new fraternal; and
 - (c) the proposed procedure and estimated expenses for implementing the conversion.
- (2) The plan shall be filed with the commissioner for approval, together with the information under Subsection 31A-9-205(2) required by the commissioner. The commissioner shall approve the plan unless he finds, after a hearing, that:
 - (a) the conversion would be contrary to the law;
 - (b) the new fraternal would not satisfy the requirements for a certificate of authority under Section 31A-5-212 as incorporated by Section 31A-9-210; or
 - (c) the plan would be contrary to the interests of the policyholders or the public.
- (3) After being approved by the commissioner, the plan shall be submitted to the policyholders for their approval.
- (4) A copy of the plan adopted by the policyholders shall be filed with the commissioner, with a statement indicating the number and percentages of policyholders voting, the method of voting, and the number of votes cast in favor of the plan.
- (5) If all requirements of the law are met, the commissioner shall issue a certificate of authority for the new fraternal. Upon this issuance, the mutual ceases its legal existence and the corporate existence of the new fraternal begins. The new fraternal is considered as having been incorporated on the date the converted mutual was incorporated. The new fraternal has all of the assets and is liable for all of the obligations of the converted mutual. The commissioner may grant a fraternal an adjustment period, not to exceed one year, for compliance with the requirements of Chapter 9, Insurance Fraternal. The commissioner's extension shall specify the extent to which particular provisions of Chapter 9, Insurance Fraternal, do not apply.

Amended by Chapter 204, 1986 General Session